

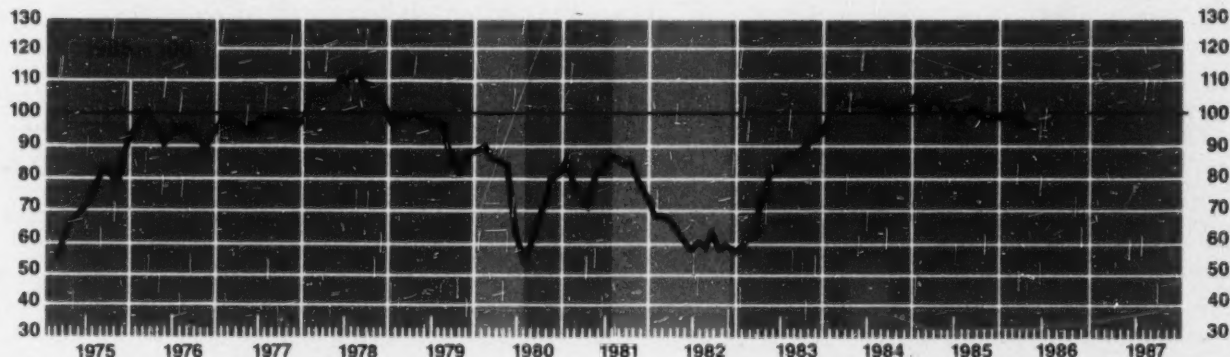
Consumer Attitudes and Buying Plans



A Monthly Report from The Conference Board
Based on a Survey Conducted by NFO Research, Inc.

Consumer Confidence Index

June, 1986



CONSUMERS LESS CONFIDENT PLANS TO BUY WEAKER

The level of consumer confidence was down moderately in May. The Board's Index (1985 = 100) now stands at 96.1, off some three points. This is the largest month-to-month change in about a year. Buying plans, which were up sharply last time, gave back most of the gain in May.

The consumer's evaluation of ongoing conditions is not very different from a month earlier. However, in looking ahead to likely developments over the next six months they are less positive than in some time. Those expecting business conditions to improve in the period ahead dropped to about 20% from 22.8 percent. Similarly, only about 15% now expect job availability to improve in the near future, compared with slightly more than 17% the month before. And fewer persons now believe their family income will increase in the months ahead. Only 26.3% hold that positive view in the latest probe, down from 30.7% a month earlier.

Plans to buy were also softer. Intentions to purchase an automobile were indicated by 9.0% of all respondents, down from an impressive high of 11.4% a month before. Interest in homes continued to be strong, with 5% of

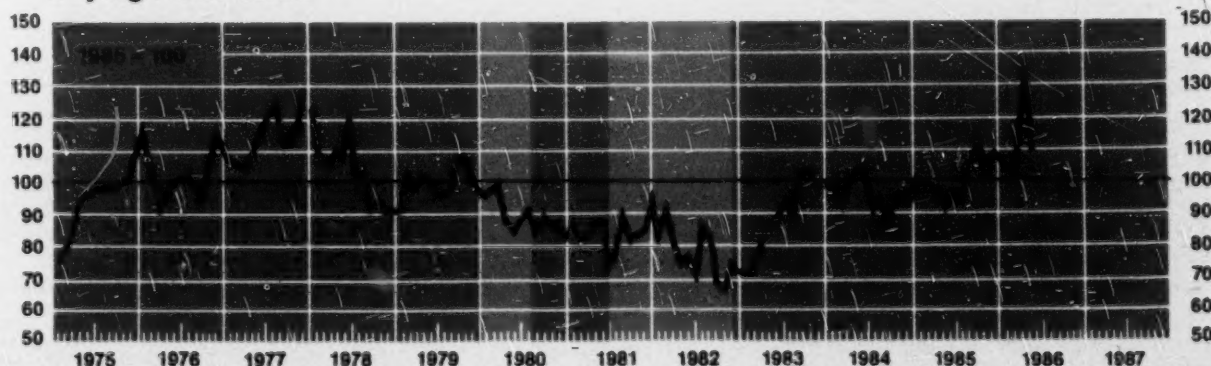
respondents planning to purchase one in the coming months. But plans to buy a major appliance, which were at a record high in April, lost considerable ground in May.

The retreat in buying plans in May from the extraordinary high level registered in April is difficult to explain. Other consumer confidence surveys also reported that consumers' disposition to spend in April was especially strong. Perhaps the sharp drop in interest rates, and more particularly the decline in gasoline prices, put the consumer in an expansive mood. Plans to spend are still strong, particularly for homes, but also for cars. And interest in securing a major appliance is also fairly strong, despite the recent sharp drop.

The decline in consumer confidence in May is moderately disconcerting—particularly the fact that most of the drop reflects a lowering of consumer expectations. The consumer's anticipation of the immediate future has proven to be a good indication of things to come. While consumers' expectations are still quite positive, they are lower than they have been in more than three years. For some time now, the economy has been waiting for consumer activity to provide the thrust for accelerated growth. But the latest reading suggests that the moment is still not quite here.

Fabian Linden

Buying Plans Index



All data seasonally adjusted

Consumer Expectations and Intentions
Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

All series seasonally adjusted	1985								1986				
	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.(r)	May(p)
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	96.6	100.0	101.2	99.6	98.9	99.3	98.7	99.8	97.8	96.9	96.9	99.0	96.1
Present Situation	98.5	99.9	101.2	95.2	97.4	100.6	99.7	101.3	100.4	97.8	95.0	100.7	99.8
Expectations	95.4	100.1	101.3	102.5	99.8	98.4	98.1	98.8	98.0	96.3	98.1	97.8	93.7
Buying Plans Index	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8	105.6	103.9	101.9	135.3	108.3
Appraisal of Present Situation: Percent													
Business Conditions													
Good	27.8	28.6	27.9	26.2	26.6	28.2	27.4	28.7	27.3	26.4	26.5	29.5	28.3
Bad	21.0	20.5	20.5	23.4	21.8	21.4	21.3	21.0	21.8	21.8	22.9	23.1	22.6
Normal	51.2	50.9	51.6	50.4	51.8	50.4	51.3	50.3	50.9	51.8	50.6	47.4	49.1
Employment													
Jobs plentiful	19.2	19.2	19.3	18.9	19.6	19.8	19.5	19.7	19.6	18.8	19.6	20.4	20.4
Jobs not so plentiful	48.5	49.0	50.4	49.7	48.2	49.3	49.6	49.6	50.7	50.8	46.8	48.4	47.9
Jobs hard to get	32.3	31.8	30.3	31.4	32.2	30.9	30.9	30.7	29.7	30.4	33.6	31.2	31.7
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	19.2	20.7	20.0	21.8	20.8	22.0	19.9	19.7	18.1	18.4	20.6	22.8	19.9
Worse	9.4	8.8	8.1	8.7	8.9	10.8	9.1	8.5	8.7	8.4	9.1	11.3	10.2
Same	71.4	70.5	71.9	69.5	70.3	67.2	71.0	71.8	73.2	73.2	70.3	65.9	69.9
Employment													
More jobs	14.4	15.7	15.4	16.8	16.1	16.7	15.2	15.5	13.6	14.2	15.8	17.2	14.9
Fewer jobs	17.0	16.0	14.9	15.4	16.7	16.7	17.3	18.1	16.8	16.8	17.7	19.5	19.4
Same	68.6	68.3	69.7	67.8	67.2	66.6	67.5	68.4	69.6	69.0	66.5	63.3	65.7
Income													
Increase	26.2	27.4	26.1	27.3	28.0	27.4	29.8	26.7	28.2	26.6	25.8	30.7	26.3
Decrease	8.3	7.6	7.5	7.8	8.0	8.3	7.9	8.4	7.7	8.2	7.4	7.5	7.9
Same	65.5	64.8	66.4	64.9	64.0	64.3	62.3	64.9	64.1	65.2	66.9	61.8	65.8
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	8.1	8.2	8.1	8.5	10.6	8.9	9.1	10.2	9.0	8.8	8.9	11.4	9.0
New	4.5	4.7	5.1	5.0	6.0	5.1	5.3	5.4	5.1	4.4	4.7	5.9	5.7
Used	2.7	3.1	2.6	3.1	3.1	2.9	2.8	3.3	2.9	2.8	3.0	3.9	2.4
Uncertain	0.9	0.4	0.4	0.4	1.5	0.9	1.0	1.5	1.0	1.6	1.2	1.6	0.9
Home													
Yes	3.3	3.3	3.4	3.6	3.4	3.6	3.8	3.9	3.7	4.2	4.1	5.0	5.0
New	0.9	1.0	1.1	1.0	1.0	1.1	0.8	0.9	1.3	1.0	1.3	1.4	1.2
Lived in	1.5	1.5	1.5	1.5	1.6	1.7	1.9	2.1	2.0	2.0	2.1	2.2	2.2
Uncertain	0.9	0.8	0.8	1.1	0.8	0.8	1.1	0.9	0.4	1.2	0.7	1.4	1.6
Major appliances													
Total plans	24.5	27.9	27.8	27.8	28.4	35.9	28.5	29.8	34.5	30.2	27.8	43.4	29.1
Refrigerator	3.4	4.2	4.4	3.9	3.7	5.1	3.9	4.4	5.8	4.3	3.9	6.5	4.0
Washing machine	3.0	3.5	3.8	3.8	3.9	6.2	3.7	3.8	4.9	4.3	4.1	7.2	4.0
TV Set	7.7	8.3	8.0	8.2	8.2	10.7	8.8	9.2	9.8	9.2	8.3	13.5	7.8
Vacuum Cleaner	3.9	4.5	4.1	4.5	5.0	5.1	5.1	4.9	5.7	4.4	4.9	5.7	5.6
Range	2.5	2.7	3.0	3.0	2.7	3.2	2.7	3.0	3.0	2.5	2.0	3.8	3.0
Clothes dryer	2.5	3.1	3.1	2.8	3.4	4.1	2.9	3.1	3.8	3.4	3.5	5.0	3.5
Air conditioner	1.5	1.6	1.4	1.6	1.5	1.5	1.4	1.4	1.5	2.1	1.1	1.7	1.2
Carpet	6.2	7.4	7.6	7.1	7.0	8.7	6.7	6.6	7.3	6.9	7.0	9.1	6.9
Vacation Intended Within Six Months: Percent													
Vacation Intended		50.3		46.7		49.2		44.7		47.0		51.2	
Destination													
Home state		9.7		9.4		8.8		8.0		9.2		10.9	
Other state		35.2		34.0		35.4		32.2		31.9		35.5	
Foreign country		6.9		7.1		6.0		5.9		7.4		7.1	
Means of travel													
Automobile		32.1		29.9		29.8		26.1		28.2		31.4	
Airplane		19.4		19.1		18.3		18.3		18.1		20.4	
Other		4.3		4.1		3.8		4.5		5.0		4.6	

(p)—preliminary (r)—revised

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